

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 301937Z JAN 76

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 818

INFO USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

USDEL MTN GENEVA

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, GATT, NZ

SUBJECT: GATT WAIVER FOR U.S. SECTION 22 IMPORT QUOTAS

REF STATE 013881, WELLINGTON 0236

1. IN FOLLOW-UP TO JAN 22 CALL BY E/C COUNSELOR ON
DEPUTY AND ASSISTANT SECRETARIES OF TRADE AND INDUSTRY FOR
TRADE POLICY, LETTER HAS BEEN RECEIVED FORWARDING AN
EXPLANATION OF GNZ SUPPORT FOR AUSTRALIAN REQUEST FOR A
U.S. REVIEW OF SECTION 22.

2. KEY POINTS FOLLOW:

GNZ BELIEVED CURCUMSTANCES OF ORIGINAL SECTION 22
QUOTAS HAVE CHANGED SIGNIFICANTLY. GNZ QUESTIONS
WHETHER U.S. STATEMENTS IT WILL ONLY NEGOTIATE ITS
DAIRY PRODUCTS RESTRICTIONS IN MTN IF OTHER COUNTRIES

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DO LIKEWISE ARE CONSISTENT WITH U.S. GATT WAIVER

OBLIGATIONS. DAIRY PRODUCTS EMERGENCY QUOTA ALLOCATIONS OF 1973 AND 74 WELCOMED BUT BASE QUOTAS UNCHANGED. A BASE QUOTA INCREASE WOULD HAVE BEEN PREFERABLE FOR ORDERLY MARKETING. BUT THE EMERGENCY ALLOCATIONS INDICATED CURCUMSTANCES WERE CHANGING IN THE US DAIRY INDUSTRY. US DAIRY IMPORTS UNDER QUOTA WERE BELOW NORMAL ON 31 AUGUST 1975. RECENT USDA PUBLICATIONS REPORT STRONG SEASONAL INCREASES IN FARM MILK PRICES. CASH RECEIPTS UP 5 PER CENT AND PREDICTIONS OF 2 PER CENT RISE OF 1974 IN GROSS DAIRY INCOME. BY AUGUST 1975 WHOLESALE PRICES ABOVE SUPPORT PRICES AND USDA DAIRY PURCHASES VIRTUALLY CEASED. CCC JULY TO AUGUST NET SALES NEARLY 0.3 BILLION POUNDS MILD EQUIVALENT VS. 0.4 BILLION NET REMOVALS IN SAME PERIOD 1974. DAIRY PRODUCT STOCKS, EXCEPT MILK POWDER, DECLINED UP TO AUGUST AND WITH SAME PRODUCTION DECLINES FURTHER STOCK REDUCTION EXPECTED.

IT FELT THESE FACTORS REPRESENTED CONSIDERABLE CHANGE IN MARKET SITUATION FROM WHEN QUOTAS FIRST INTRODUCED.

3. LETTER STATES THE CAREFUL CONSIDERATION BEING GIVEN TO OUR COMMENTS ABOUT THE IMPLICATIONS OF THE REVIEW REQUEST AND WE WILL BE ADVISED OF GNZ INTENTIONS AS SOON AS POSSIBLE.

4. COMMENT:

IT REASONABLE TO BELIEVE THAT GNZ NOW CONSULTING AUSTRALIAN AUTHORITIES ON APPROACH TO OUR DEMARCHE AND WILL LIKELY COORDINATE CLOSELY WITH AUSTRALIA. EMBASSY WILL FORWARD FURTHER GNZ RESPONSE.

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Disposition Authority: morefirh
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